



# **uMNGENI MUNICIPALITY**

## **AUDITED ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2011**

I am responsible for the preparation of these annual financial statements, which are set out on pages 2 to 35 in terms of section 126 (1) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 9 of these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with this Act.

H S Buthelezi  
Acting Municipal Manager

31 August 2011

A J van der Merwe  
Chief Financial Officer

# Annual Financial Statements

for

## uMngeni Municipality

for the year ended 30 June: **2011**

Province:

KwaZulu Natal

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## uMNGENI MUNICIPALITY

### ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2011

#### Members of Council after the 18 May 2011 elections

##### General Information

Her Worship the Mayor	Councillor M P Myeni
Deputy Mayor	Councillor S R Majozi
Speaker of Council	Councillor T P Mchunu

##### Members of the Executive Committee

Councillor M P Myeni (Chairperson)
Councillor S R Majozi
Councillor P A Passmoor

##### Members of the Council

Councillor NA Buthelezi
Councillor F T Cele
Councillor T A Clover
Councillor G T Dlamini
Councillor M J Grueneberg
Councillor J E Holmes
Councillor T J Lindsay- White
Councillor C R W Millar
Councillor J A Mkhasibe
Councillor F G Mthembu
Councillor H P Ndlela
Councillor S T J Ndlovu
Councillor T S Ndlovu
Councillor S D Nkuna
Councillor T G Nxele
Councillor S K Pillay
Councillor L P Phikwane
Councillor J M Zondi
Councillor B A Zuma

#### Members of Council Before the 18 May 2011 elections

##### General Information

His Worship the Mayor	Councillor M E Dladla
Deputy Mayor	Vacant
Speaker of Council	Councillor T P Mchunu

##### Members of the Executive Committee

Councillor M E Dladla (Chairperson)
Councillor N S Mkhize
Councillor P A Passmoor

##### Members of the Council

Councillor NA Buthelezi
Councillor M J Grueneberg
Councillor T J Lindsay- White
Councillor S D Nkuna
Councillor S K Pillay
Councillor S M Ndlovu(Ms)
Councillor R J Glaister
Councillor D P Dladla
Councillor A D Mbense
Councillor L B Mthembu
Councillor S M Ndlovu(Mr)
Councillor M Ramsagar
Councillor M B Sbiya
Councillor N N Mlotshwa
Councillor L A de Scally
Councillor R Z Maphanga

# uMNGENI MUNICIPALITY

## ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2011

### General Information Continued

#### Acting Municipal Manager

H S Buthelezi

#### Chief Financial Officer

A J van der Merwe

#### Grading of Local Authority

3

#### Auditors

Auditor - General

#### Bankers

ABSA Bank - Public Sector

**Registered Office:** Municipal Building Howick

**Physical Address:** Cnr Dick and Somme Streets  
Howick

**Postal Address:** P O Box 5  
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**Telephone number:** 033-2399200

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# **uMNGENI MUNICIPALITY**

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## uMNGENI MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011

	Notes	2011	2010
		R	R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>			
Housing operating account	1	15 286 278	11 944 274
Revaluation reserve	12	153 834 970	10 692 826
Accumulated surplus	19	104 519 156	129 166 195
		<hr/>	<hr/>
		273 640 404	151 803 295
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Long term liabilities	2	40 584 165	44 460 845
Retirement benefits	31	14 971 410	11 065 207
Long service awards and retirement gifts	32	2 837 115	2 060 918
Refuse Site Rehabilitation costs	33	7 267 176	6 550 160
		<hr/>	<hr/>
		65 659 866	64 137 130
		<hr/>	<hr/>
<b>Current liabilities</b>			
Bank overdraft	13	1 412 015	939 352
Consumer deposits	3	2 049 724	1 551 404
Creditors	7	50 194 396	28 898 335
Value Added Taxation		2 359 265	2 860 940
Unspent conditional grants and receipts	6	21 749 757	28 328 514
Current portion of long term liabilities	2	2 912 304	2 635 436
Current portion of Retirement benefits	31	532 584	454 764
Current portion of long service awards and retirement gifts	32	227 043	259 791
		<hr/>	<hr/>
		81 437 088	65 928 536
		<hr/>	<hr/>
<b>Total Net assets and Liabilities</b>		420 737 357	281 868 962
		<hr/> <hr/>	<hr/> <hr/>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	39	368 366 407	212 091 959
Investment Property	40	1 010 000	1 550 695
Intangibles- software	41	24 071	-
		<hr/>	<hr/>
		369 400 478	213 642 654
		<hr/>	<hr/>
<b>Current assets</b>			
Consumer receivables	5	48 124 344	63 631 307
Other receivables	5	-	367
Investments - short term	4	3 207 775	4 589 874
Bank balances and cash	27	4 760	4 760
		<hr/>	<hr/>
		51 336 879	68 226 308
		<hr/>	<hr/>
<b>Total Assets</b>		420 737 357	281 868 962
		<hr/> <hr/>	<hr/> <hr/>

## uMNGENI MUNICIPALITY

## STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2011

		Actual		Budget	
	Notes	2011	2010	2011	2010
		R	R	R	R
REVENUE					
Property rates	8	76 747 668	65 227 545	93 190 766	81 038 297
Property rates - penalties imposed and collection charges		3 380 393	2 579 935	520 000	10 000 000
Service charges	18	46 015 209	39 071 106	52 561 670	42 774 615
Rental of facilities and equipment		789 231	413 500	528 643	524 300
Interest earned					
External investments		481 204	256 671	255 113	200 000
Outstanding debtors		1 155 131	1 561 507	500 000	5 200 000
Fines		163 380	374 750	260 022	1 080 000
Licences and permits		2 940 141	2 696 593	3 263 907	1 889 400
Government grants and subsidies	25	51 672 544	50 013 484	63 211 110	63 370 000
Other income	15	18 710 706	16 640 153	5 480 023	5 502 570
Public contributions and donations		-	-	-	-
Gains on disposal of property, plant and equipment			364 412		-
Departmental recharges		13 867 962	13 145 748	13 867 962	13 145 748
Total Revenue		215 923 569	192 345 404	233 639 216	224 724 930
EXPENDITURE					
Employee related costs	29	67 929 592	65 109 312	69 280 116	67 463 988
Remuneration of councillors	9	4 197 725	4 067 387	4 881 498	4 433 321
Bad debts	5	4 911 534	2 735 543	17 965 078	
Depreciation and amortisation	39/40/41	8 727 163	8 187 335	6 529 100	4 487 174
Repairs and maintenance		6 339 576	8 009 616	11 490 314	10 107 974
Interest paid	11	5 772 148	5 308 446	4 623 386	4 328 275
Bulk purchases	26	38 382 635	29 225 162	46 860 777	30 012 235
Contracted services		2 018 788	2 389 188	2 672 351	1 500 000
Retirement and long services benefits	31/32	4 727 472	-	2 000 000	-
General expenses	15	41 310 242	39 277 750	41 653 621	74 385 705
Loss on disposal of property, plant and equipment		215 338	-	-	-
Contributions		1 084 485	1 555 436	2 899 390	13 948 000
Refuse Site Rehabilitation Hilton site		299 547	346 561	-	
Departmental recharges		13 867 962	13 145 748	13 867 962	13 145 748
Total Expenditure		199 784 207	179 357 484	224 723 593	223 812 420
SURPLUS FOR THE YEAR		16 139 362	12 987 920	8 915 623	912 510

Refer to Appendix E (1) for the comparison with the approved budget

uMNGENI MUNICIPALITY

STATEMENT OF CHANGES IN RESERVES AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED 30 JUNE 2011

	Housing operating account	Revaluation reserve	Accumulated surplus/ (deficit)	Total
	R	R	R	R
<b>30 June 210</b>				
Balance at 01 July 2010	11 944 274	10 692 826	129 166 195	151 803 295
				-
Restated balance	12 544 021	10 778 807	107 018 321	130 341 149
Surplus (deficit) for the year	-1 089 060	-	12 987 920	11 898 860
Interest received from external investment	489 313	-	-	489 313
Financing of PPE acquisitions			-3 477 262	-3 477 262
Movement in accumulated surplus			12 637 216	12 637 216
Depreciation ex Reserves		-85 981	-	-85 981
<b>Balance at 30 June 2010</b>	<b>11 944 274</b>	<b>10 692 826</b>	<b>129 166 195</b>	<b>151 803 295</b>
<b>30 June 2011</b>				
Restated balance	11 944 274	10 692 825	129 166 195	151 803 294
Surplus (deficit) for the year	-1 069 321	-	16 139 361	15 070 040
Interest received from external investment	1 612 967	-	-	1 612 967
Financing of PPE acquisitions			-1 357 805	-1 357 805
Movement in accumulated surplus			-39 428 595	-39 428 595
Revaluation Surplus		143 142 145		143 142 145
Transfer unspent funds to Operating account	2 798 358			2 798 358
<b>Balance at 30 June 2011</b>	<b>15 286 278</b>	<b>153 834 970</b>	<b>104 519 156</b>	<b>273 640 404</b>



**uMNGENI MUNICIPALITY**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 30 JUNE 2011**

		<b>2011</b>	<b>2010</b>
	<b>Notes</b>	<b>R</b>	<b>R</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from (utilised in ) operations</b>	20/21	24 944 497	40 885 741
Interest received		481 204	256 671
Interest paid		-5 772 147	-5 308 446
<b>Net Cash from (utilised in ) operating activities</b>		19 653 554	35 833 966
<b>CASH FLOWS FROM (UTILISED IN) INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		-21 558 182	-31 230 194
Proceeds on disposal of property, plant and equipment		-	998 682
		-21 558 182	-30 231 512
<b>CASH (UTILISED IN) GENERATED FROM INVESTING ACTIVITIES</b>		-1 904 628	5 602 454
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New loans raised/ (repaid)	22	-3 599 814	-850 479
Increase /(decrease)in liability for retirement and long service gifts	31/32	4 727 472	-1 144 218
Increase in liability for rehabilitation of refuse sites		299 547	346 561
<b>Net cash generated from / (utilised in ) financing activities</b>		1 427 205	-1 648 136
		-477 423	3 954 318
Cash and cash equivalents			
At the beginning of the year	23	-934 592	-4 888 910
At the end of the year	23	-1 412 015	-934 592
<b>NET INCREASE (DECREASE) IN CASH EQUIVALENTS</b>		477 423	-3 954 318

## **uMNGENI MUNICIPALITY**

### **ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 30 JUNE 2011**

##### **1 BASIS OF PRESENTATION**

The annual financial statements have been prepared on an accrual basis in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) in terms of :

General Notice 991 of 2005 issued in Government Gazette no. 28095 of 15 December 2005 and in Government Gazette no. 31021 of May 2008.

The Standards comprise of the following:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associate
GRAP 8	Interest in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 16	Investment Property
GRAP 17	Property Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets
IAS 19 (AC 116)	Employee Benefits

Accounting policies for material transactions, events or conditions not covered by the above mentioned GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Standards Board.

The principle accounting policies adopted in the preparation of these annual financial statements are set out below.

##### **2 PRESENTATION CURRENCY**

The annual financial statements are presented in South African Rand to the nearest Rand.

##### **3 GOING CONCERN ASSUMPTION**

The annual financial statements are prepared on a going concern basis.

##### **4 HOUSING OPERATING ACCOUNT**

The Housing Operating Account was established in terms of the Housing Act, 1997 (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 01 April 1998 and transferred to a Housing Operating Account. Housing selling schemes, both complete and in progress at 01 April 1998, were also transferred to the Housing Operating Account. In terms of the said Act, all proceeds from housing developments, including rental income and sales of houses, must be paid into the Housing Operating Account. Monies standing to the credit of this account can only be used to finance housing developments within the municipal area subject to the approval of the Provincial Member of the Executive Committee responsible for housing.

## **uMNGENI MUNICIPALITY**

### **ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 30 JUNE 2011**

#### **5 RESERVES**

##### **5.1 Revaluation Reserve**

Unrealised surpluses arising from the revaluations of land and buildings are credited to a Non-Distributable Reserve. Revaluation surpluses are realised as revalued buildings are depreciated, by means of transfers from the revaluation reserve to the accumulated surplus / (deficit).

When revalued land and buildings are disposed of, the net revaluation surpluses in the Revaluation Reserve relating to such items are transferred to the accumulated surplus / (deficit), while gains and losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

#### **6 PROPERTY, PLANT AND EQUIPMENT**

##### **6.1 INITIAL RECOGNITION**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or the supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration i.e. a non-exchange transaction, the costs is deemed to be equal to the fair value of that asset on the date acquired.

Where property, plant and equipment is acquired in the exchange for a non-monetary asset or monetary assets, or a combination of, monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired items fair value was not determinable, it's deemed cost is the carrying amount of the asset (s) given up.

## uMNGENI MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 30 JUNE 2011

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

#### 6.2 SUBSEQUENT MEASUREMENT-COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.,

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

#### 6.3 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives.

	Years		Years
<b>Infrastructure</b>		<b>Other</b>	
Roads and paving	30	Buildings	30
Pedestrian malls	30	Specialist vehicles	10
Electricity	20 - 30	Other vehicles	5
Housing	30	Office equipment	3
		Furniture and fittings	7 - 10
<b>Community</b>		Watercraft	15
		Bins and containers	5
Buildings	30	Specialised plant and equipment	10 - 15
Recreational facilities	20 - 30	Other items of plant and equipment	2 - 5
Security	5	Landfill sites	15

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

#### 6.4 DERECOGNITION

Items of property, plant and equipment are derecognised when an asset is disposed off or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales and proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### 7 REVALUATION OF LAND AND BUILDINGS

Land and buildings are stated in the annual financial statements at revalued amounts, being the fair value at the date of revaluation less subsequent accumulated depreciation of buildings.

### 8 INVESTMENT PROPERTY

#### 8.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

## **uMNGENI MUNICIPALITY**

### **ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 30 JUNE 2011**

##### **8.2 SUBSEQUENT MEASUREMENT - COST MODEL**

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the estimated average asset life of 30 years.

#### **9 INVESTMENTS**

##### **9.1 Financial instruments**

Financial instruments, which include unlisted, reciprocal municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks are stated in the annual financial statements at the lower of cost or fair value. No impairments are required as the cost values equate to their cash values.

Where investments have been impaired, the carrying values are adjusted by the impairment losses, which are recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net proceeds on disposal and the carrying amount is charged or credited to the Statement of Financial Performance.

#### **10 INVENTORIES**

Inventories are comprised of consumable stores, raw materials and finished goods and are stated in the annual financial statements at the lower of average cost, determined on the first in first out method and net realisable value. Cost includes deductions for discounts and rebates.

Redundant and slow moving inventories are identified and sold by public auction and any gain or loss on disposal is recognised in the Statement of Financial Performance.

Unsold properties are stated in the annual financial statements at the lower of cost, determined on the average cost method and net realisable value. Direct costs are accumulated for each separately identifiable development. Cost also includes a proportion of overhead costs.

#### **11 ACCOUNTS RECEIVABLE**

Accounts receivable are stated in the annual financial statements at the value of billings to consumers/ratepayers, less deductions for discounts given or rebates granted less a provision for doubtful accounts.

Provision for doubtful accounts is made, based on a review of all outstanding amounts at the financial year end. Contributions to the provision are calculated on specific debts older than 120 days but excluding rates, rates penalties and rates collection charges.

Bad debts are written off in the period that they are identified. Amounts that are receivable within one year are classified as current assets.

#### **12 ACCOUNTS PAYABLE**

Accounts payable are stated in the annual financial statements at the amounts due to trade and other creditors for goods or services received. The liabilities are generally settled within a period of 30 Days, accordingly any impairments, if any, are considered to be immaterial.

## **uMNGENI MUNICIPALITY**

### **ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 30 JUNE 2011**

#### **13 REVENUE RECOGNITION**

##### **13.1 Revenue from Exchange transactions**

Service charges for Electricity are based on consumption by consumers as is recorded on each consumer's meter. Meters are read each month and the revenue is recognised in the period that invoices are raised. Provisional estimates of consumption are made in periods where meter readings have not been able to be carried out. The revenue from these provisional readings is also recognised as revenue when invoiced. Adjustments to provisional estimates and recognition of the amended revenue arising thereof are made in the invoicing period in which meters are read.

Revenue from the sale of electricity prepaid meter cards is recognised in the period in which cash is received.

Service charges for refuse removal are raised and recognised on a monthly basis in arrears and are based on the application of the approved tariff to each property that has improvements, the category of property usage and the number of refuse containers on each property regardless of whether or not containers are emptied during the month.

Interest and rentals are recognised on a time proportion basis.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service has been rendered and the fee has been charged or licenses and permits have been issued.

Income from agency services is recognised on a monthly basis once the income collected from agents has been quantified and once the terms of the agency agreement have been complied with.

Revenue from the sale of goods is recognised when the risk passes to the consumer.

Revenue from public contributions is recognised when all the conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items are brought into use. A liability is raised when a public contribution has been received but all the conditions have not been met.

##### **13.2 Revenue from Non-exchange transactions**

Revenue from assessment rates is recognised when the legal entitlement arises. Collection charges are recognised when such amounts have been raised and are legally enforceable. Penalty interest is raised on unpaid rates after the due date for payment and is recognised on a time proportion basis.

Revenue from the collection of spot fines and summonses is recognised when payment is received.

Donations are recognised when cash is received or when property, plant and equipment is brought into use.

Contributions of property, plant and equipment are recognised when the items are acquired.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Local Government : Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible Councillors or officials is virtually certain.

#### **14 CONDITIONAL GRANTS AND RECEIPTS**

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. A liability is recognised to the extent that the criteria, conditions or obligations have not been met.

## **uMNGENI MUNICIPALITY**

### **ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 30 JUNE 2011**

##### **15 PROVISIONS**

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at the reporting date and adjusted to reflect the current best estimate.

##### **16 CASH AND CASH EQUIVALENTS**

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

Cash and cash equivalents in the cash flow statement comprise cash on hand, deposits held on call with banks, net of bank overdrafts.

Bank overdrafts are recorded at the current value of the utilisation of approved facilities from the Municipality's bankers. Finance charges on bank overdrafts are expensed as incurred.

##### **17 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure represents expenditure which has been incurred but not budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Local Government : Municipal Finance Management Act, 2003 (Act No. 56 of 2003). Unauthorised expenditure is accounted for in the Statement of Financial Performance as an expense and as revenue where it is subsequently recovered.

##### **18 IRREGULAR EXPENDITURE**

Irregular expenditure excludes unauthorised expenditure and represents expenditure incurred that is contrary to the provisions of the Local Government : Municipal Finance Management Act, 2003 (Act No.56 of 2003) the Municipal Systems Act, 2000 (Act No. 32 of 2000), the Public Office Bearers Act, 1998 (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure is accounted for in the Statement of Financial Performance as an expense and as revenue when it is subsequently recovered.

##### **19 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure represents expenditure that was made in vain and would have been avoided if reasonable care had been exercised. Fruitless and wasteful expenditure is accounted for in the Statement of Financial Performance as an expense and as revenue where it is subsequently recovered.

##### **20 RETIREMENT BENEFITS**

The municipality provides retirement benefits for its employees and councillors. Contributions are made to the Natal Joint Municipal Pension Fund to fund the obligations for the payment of retirement benefits in accordance with the rules of the three defined benefit funds it administers. Contributions are charged as an expense in the Statement of Financial Performance in the year that they become payable.

The funds are actuarially valued every three years using the discounted cash flow method. Any deficits identified by the actuary are recovered from participating municipalities in the form of surcharges added to the Contributions which are charged as an expense in the Statement of Financial Performance in the year that they become payable.

## **uMNGENI MUNICIPALITY**

### **ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 30 JUNE 2011**

#### **21 BORROWING COSTS**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset. Such borrowing costs are capitalised as part of the cost of the asset until all the activities necessary to prepare the qualifying asset for its intended use or sale is complete.

#### **22 DEPOSITS**

Deposits received from consumers are based on the estimated monthly consumption and are calculated to cover approximately two and one half to four months consumption, taking into consideration each consumer's profile. In the event of a disconnection of service for non payment, the value of the deposit is reviewed and adjusted in terms of the Council's credit control policy. No interest is paid on deposits held.

#### **23 LEASES OPERATING LEASES**

Payments made on operating lease agreements are expensed and charged to the Statement of Financial Performance in the period in which such payments are due. These agreements do not transfer risk and rewards associated with ownership of an asset to the Municipality.

#### **FINANCE LEASES**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of assets are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

#### **24 PRIOR YEAR COMPARATIVES**

Prior period comparatives are reclassified when the presentation or classification of items in the annual financial statements is amended. Prior year adjustments were made in accordance with Grap 3 for the interest portion of restoration costs for the landfill site at Curry's Post and vat payable to SARS

#### **25 INTANGIBLE ASSETS**

##### **25.1 INITIAL RECOGNITION**

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they can be capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- The municipality intends to complete the intangible asset for use or sale;
- It is technically feasible to complete the intangible asset;
- The municipality has the resources to complete the project; and
- It is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in the exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset (s) given up.



## **uMNGENI MUNICIPALITY**

### **ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 30 JUNE 2011**

##### **25.2 SUBSEQUENT MEASUREMENT - COST MODEL**

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The costs of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to annual impairment test.

##### **25.3 AMORTISATION AND IMPAIRMENT**

Amortisation is charged so far as to write off the cost or valuation of the intangible assets over their estimated useful lives using the straight line method. The annual depreciation rates are based on the following estimate average asset lives. The estimated useful life of computer software is 3 years.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The Municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

##### **25.4 DERECOGNITION**

Intangible assets are derecognised when an asset is disposed of or when there are no further economic benefits or no service potential is expected from the use of the asset. The gain or loss arising on the disposal or retirement of an Intangible assets is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

uMNGENI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

1. HOUSING OPERATING ACCOUNT

Government Grant Reserve ( Principally arising from loans extinguished in 1998 - R9 747 726 )  
Accumulated surplus(deficit)

Housing inventory  
Debtors  
Investments - External  
Bank overdraft

2. LONG TERM LIABILITIES

Annuity loans  
Finance management agreements

**Total External loans**

LESS : Current portion transferred to current liabilities

(Refer to appendix A for more detail)

**Annuity loans**

The loans attract interest at rates between 5% and 12.62% per annum, are being redeemed in monthly and quarterly instalments, including interest, over varying periods.

**Bank loans**

Bear interest at Prime Less 1%

**Fair value impairments**

Long term loans are recorded at the actual liability to loan creditors. No impairment, if any has been recognised.

3. CONSUMER DEPOSITS: SERVICES

Electricity  
Water

4. INVESTMENTS

**Unlisted**

Long-term deposits

**Long Term portion**

Short term investments  
Collateral security fixed deposits - Rand Merchant Bank  
Notice deposits - Absa Bank

**Short Term portion**

**Total investments**

Council's valuation of unlisted investments

Average rate of return on investments

Investments pledged as collateral security for loans

	2011 R	2010 R
	15 343 977	15 235 045
	-57 699	-3 290 771
	15 286 278	11 944 274
	14 557 625	14 557 625
	297 039	188 107
	489 313	489 313
	-57 699	-3 290 771
	15 286 278	11 944 274
	41 895 162	44 065 310
	1 601 306	3 030 971
	43 496 469	47 096 282
	-2 912 304	-2 635 436
	40 584 165	44 460 845
	2 049 724	1 551 404
	-	-
	2 049 724	1 551 404
	-	-
	1 098 513	1 035 127
	2 109 262	3 554 747
	3 207 775	4 589 874
	3 207 775	4 589 874
	3 207 775	4 589 874
	5.40%	7.50%
	1 098 513	1 035 127

uMNGENI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

5. RECEIVABLES

	2011 R	2010 R
Consumer receivables	55 967 722	66 366 852
Less: Provision for Bad Debts	-7 843 379	-2 735 544
	-	-
	48 124 344	63 631 308
	48 124 344	63 631 307
Other sundry receivables	-	367
Vat	-	-
	48 124 344	63 631 674

Management have considered the effects of any impairment in the values of outstanding and the value of the provision for bad debts. The provision is adequate to account for any material losses expected to arise from any adjustments that are required to be made to outstanding

Consumer receivables

Rates	31 221 582	40 814 332
Electricity	16 097 370	13 386 019
Rentals	297 039	188 107
Refuse	1 455 530	1 594 072
Sundries	6 019 226	9 942 709
Legal costs	89 031	86 966
VAT	787 945	354 646
	55 967 722	66 366 851

Amounts written off as bad debts	-	16 631 619
As a percentage of total operating revenue	0.00%	8.93%
Number of days outstanding	213	172

Age analysis

Rates		
Current ( 0 to 30 days)	-5 795 800	-4 401 568
31 to 60 days	2 131 077	8 677 437
61 to 90 days	1 231 185	1 850 572
91 to 120 days	1 038 794	1 246 280
121 days to 150 days	2 577 237	1 185 870
151 days and over	30 039 089	32 255 741
	31 221 582	40 814 332

Electricity

Current ( 0 to 30 days)	4 157 543.63	1 938 263
31 to 60 days	1 047 540.37	752 569
61 to 90 days	438 496.08	358 830
91 to 120 days	332 754.32	215 424
121 days to 150 days	343 354.86	267 000
151 days and over	9 777 680.69	9 853 933
	16 097 370	13 386 019

Refuse

Current ( 0 to 30 days)	277 936.63	262 318
31 to 60 days	111 615.46	99 998
61 to 90 days	58 985.71	50 675
91 to 120 days	44 983.83	35 293
121 days to 150 days	38 810.55	30 721
151 days and over	923 197.34	1 115 067
	1 455 530	1 594 072

Sundries

Current ( 0 to 30 days)	83 137.55	418 816
31 to 60 days	63 483.88	1 590 193
61 to 90 days	437 552.42	73 257
91 to 120 days	35 466.65	319 031
121 days to 150 days	35 861.24	762 148
151 days and over	5 363 723.88	6 779 264
	6 019 226	9 942 709

uMNGENI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
<b>Legal costs</b>		
Current ( 0 to 30 days)		63
31 to 60 days		3 235
61 to 90 days		6 898
91 to 120 days		-
121 days to 150 days		-
151 days and over	89 031	76 770
	<b>89 031</b>	<b>86 966</b>
<b>Housing</b>		
Current ( 0 to 30 days)	48 001.08	23 318
31 to 60 days	41 305.64	15 553
61 to 90 days	16 663.95	6 842
91 to 120 days	3 369.07	5 149
121 days to 150 days	13 943.97	9 430
151 days and over	173 755.14	127 815
	<b>297 039</b>	<b>188 107</b>
<b>Provision for Bad Debts</b>		
Balance at beginning of year	2 735 544	13 971 455
Contributions made during the year	196 302	5 395 708
	2 931 846	19 367 163
Debts written off during the year		-16 631 619
	2 931 846	2 735 544
<b>6. UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
<b>Conditional Grants from other spheres of Government</b>	<b>6 606 393</b>	<b>9 808 065</b>
MIG Grants	4 044 836	4 544 001
DME Grants	2 561 557	5 264 064
<b>Other Conditional Receipts</b>	<b>15 143 364</b>	<b>18 520 449</b>
State	3 322 389	4 572 178
Provincial conditional	11 820 975	11 380 313
Other	-	468 035
Housing	-	2 099 923
<b>Total Conditional Grants and Receipts</b>	<b>21 749 757</b>	<b>28 328 514</b>
See Note 25 for the reconciliation of grants from other spheres of government.		
<b>7. CREDITORS</b>		
Trade and year end creditors	29 248 901	9 227 369
Deposits - other	12 816	-
Unclaimed payments	1 096 117	-
Other sundry creditors District Municipality	2 749 675	4 321 723
Staff leave	6 845 661	7 232 207
Retentions	2 014 544	1 595 652
Value Added Taxation	162 841	111 198
Museum trust account	8 063 840	6 410 186
Debtors receipts in advance		
	<b>50 194 395</b>	<b>28 898 335</b>

uMNGENI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

8. ASSESSMENT RATES

	Valuation at 30/06/2011	Valuation at 30/06/2010	Actual income 30/06/2011	Actual income 30/06/2010
Commercial	448 538 422	434 559 000	7 686 900	7 208 301
Residential	6 200 025 112	6 006 791 350	69 921 581	54 626 974
Education and State	289 243 747	280 229 000	3 259 013	3 056 102
Municipal		-		-
Agriculture	3 809 523 842	3 690 793 000	41 469 388	38 887 433
Private open space	28 520 900	27 632 000	26 543	24 890
State	1 103 887 389	1 069 482 962	9 980 136	9 358 757
	<b>11 879 739 412</b>	<b>11 509 487 312</b>	<b>132 343 561</b>	<b>113 162 457</b>
Less: Income Foregone - rebates			<b>55 595 890</b>	<b>47 934 912</b>
Net Income			<b>76 747 668</b>	<b>65 227 545</b>
Non rateable	<b>60 311 000</b>	<b>63 414 729</b>		
			<b>2011</b>	<b>2010</b>
			<b>R</b>	<b>R</b>
The last general valuation came into effect on:			2007/07/01	2007/07/01
The basic rate of cents in the Rand is			1.22	1.14
<b>Rebates:</b>				
Agriculture - additional			75.00%	50.00%
Bona Fide Farmers			0.00%	20.00%
Residential ( The first R6 5000 is exempt in terms of the Rates Policy)			30.00%	30.00%
Pensioners (Qualifying on with income up to R9000 on a sliding scale			30.00%	30.00%
State			20.00%	20.00%

9. COUNCILLORS' REMUNERATION

Mayor's allowance	560 616	544 357
Deputy Mayor's allowance	246 343	240 244
Speaker's allowance	249 593	142 156
Executive committee allowances	234 616	228 161
Councillors' allowances	2 906 557	2 912 469
	<b>4 197 725</b>	<b>4 067 387</b>

10. AUDITORS' REMUNERATION

Audit fees	<b>968 509</b>	<b>1 157 065</b>
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11. INTEREST PAID

Long term liabilities	5 229 765	4 868 357
Bank overdrafts	124 913	63 990
Interest portion on Landfill sites	417 469	376 099
Total interest	<b>5 772 147</b>	<b>5 308 446</b>

12. PROPERTY, PLANT AND EQUIPMENT

The revaluation surplus is reconciled as follows:

Balance at beginning of year	10 692 826	10 778 807
Surplus realised	143 142 145	-
Less : Depreciation Recovery	-	-85 981
Balance at end of year	<b>153 834 971</b>	<b>10 692 826</b>

Refer to Appendix B for more detail on property, plant and equipment

Land Building have been reviewed during compilation of the new valuation roll, however due to the queries raised on the valuation roll and the objection process only going to be completed by September 2011, it is not possible to use the values attached to municipal property as at 30 June 2011 as they could change. Objections lodged by the Municipality still has to be reviewed by the Valuer and only then can the new values be uploaded into the assets register and changes made accordingly. The only change made was to investment property where it was confirmed with the valuer, that the property concerned had indeed been impaired. The adjustments are reflected under the note on investments property note 37. The surplus realised is on revaluation of electricity and roads and stormwater assets and have been accordingly disclosed in the asset register after physical verification by consultants.

Disclosure in terms of paragraph 86 of Grap 17

Revaluation of property plant and equipment includes the roads and storm water and electricity assets

- The effective date for valuation is the 30 June 2011
- Independent valuers were used to assess and value these assets. Sukuma Consulting Engineers evaluated the roads and Dhlase Consulting Engineers together with Electrical Power Systems.
- The following applies to the valuation of electrical assets:
  - ♦ The methods used in the valuation of electrical assets were replacement cost on current market values based on similar installations
  - ♦ Current market values pricing advised by major material suppliers were used to determine the fair value of items
  - ♦ If the revalued assets being carried under the cost the cost model, the carrying amount would have been R 41 218 870
- The following applies to the valuation of electrical assets:
  - ♦ The methods used in the valuation of road assets were replacement values calculated using construction rates current as at June 2011 drawn from a database of recent tender rates.
  - ♦ An initial average design life of 20 years has been assumed, in line with accepted design standards. A broad based assessment of the remaining life has been undertaken based on the assumption that the remaining life periods of roads range from 0-2 years for 25% of the roads and 18-20 years for 1% of the roads.
  - ♦ A full inventory of all roads is available in the GIS database administered by the municipality, categorised in terms of their operational hierarchy and standard of construction, primary, secondary and tertiary level as well as the type of constructed surface.
  - ♦ If the revalued assets being carried under the cost the cost model, the carrying amount would have been R 104 552 225

See also Note 39

uMNGENI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

13. BANK, CASH AND OVERDRAFT BALANCES

The Municipality has the following bank accounts:

**Current account (Primary Bank Account)**

ABSA Bank Limited, Public Sector, Pietermaritzburg - Account No. 40-6379-6636

Cash book balance (overdraft) at beginning of year  
Cash book balance (overdraft) at end of year

Bank statement balance at beginning of year  
Bank statement balance (overdraft) at end of year

**Current account**

First National Bank Limited - Account No. 52530028614

Bank statement balance at beginning of year  
Bank statement balance at end of year

	2011 R	2010 R
Cash book balance (overdraft) at beginning of year	-939 352	-4 782 022
Cash book balance (overdraft) at end of year	-1 412 015	-939 352
Bank statement balance at beginning of year	6 978 118	1 903 889
Bank statement balance (overdraft) at end of year	3 099 608	6 978 118
Bank statement balance at beginning of year	22 692	106 883
Bank statement balance at end of year	77 951	22 692

14. CONTRIBUTIONS TO SALGA

Opening balance  
Council subscriptions due  
Amount paid - current year

Owing at end of year

Opening balance	-	-
Council subscriptions due	359 850	244 865
Amount paid - current year	-359 850	-244 865
Owing at end of year	-	-

15. GENERAL EXPENSES AND OTHER INCOME

General Expenses  
Other Income  
Please refer to annexure E(4) for more detail

General Expenses	41 310 242	39 277 750
Other Income	18 710 706	16 640 153

16. PAYE and U I F

Opening balance  
Current year deductions from payroll  
Amount paid - current year

Owing at end of year

Opening balance	-	-
Current year deductions from payroll	10 617 298	10 416 146
Amount paid - current year	-10 617 298	-10 416 146
Owing at end of year	-	-

17. PENSION AND MEDICAL AID DEDUCTIONS

Opening balance  
Current year deductions from payroll  
Amount paid - current year

Owing at end of year

Opening balance	-	-
Current year deductions from payroll	8 854 513	7 342 833
Amount paid - current year	-8 854 513	-7 342 833
Owing at end of year	-	-

18. SERVICE CHARGES

Sale of electricity  
Refuse removal

The estimated distribution loss ( R 10 169 273 ) was noted during the course of the 2009/2010 financial year. The contractor has finalised the project to identify losses and the recommendation is to undertake a full audit of all electrical installations within the area of supply. Funding is currently being sought to being this process.  
The estimated distribution loss ( R 20 369 254 ) was noted during the course of the 2010/2011 financial year. Investigations are also underway to establish if all the electricity installations feeding the waste water works are being correctly billed and recovered from the responsible authorities.

Sale of electricity	36 331 775	30 906 994
Refuse removal	10 231 990	8 164 113
	46 563 765	39 071 107

19. APPROPRIATIONS

**Appropriation account**

Accumulated surplus (deficit) at the beginning of the year  
Operating (deficit) surplus for the year  
Appropriations for the year :  
    Movement in accumulated surplus  
    Prior year adjustments - District Municipality  
    Public contributions and donations  
    Financing of PPE acquisitions  
    Offsetting of depreciation ex reserves  
    Reversal of provision for bad debts

Accumulated Surplus at end of Year

Accumulated surplus (deficit) at the beginning of the year	129 166 196	107 018 322
Operating (deficit) surplus for the year	16 139 362	12 987 920
Appropriations for the year :		
Movement in accumulated surplus	-39 428 595	12 637 216
Prior year adjustments - District Municipality	-	-
Public contributions and donations	-	-
Financing of PPE acquisitions	-1 357 805	-3 477 262
Offsetting of depreciation ex reserves	-	-
Reversal of provision for bad debts	-	-
Accumulated Surplus at end of Year	104 519 158	129 166 196

uMNGENI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
<b>20. CASH GENERATED BY OPERATIONS</b>		
(Deficit) surplus for the year (per note 19)	16 139 362	12 987 920
Adjustments for		
Previous year's operating transactions	-39 428 595	13 197 599
Loss on disposal of property, plant and equipment	215 338	-634 270
Profit on disposal of assets	-	-364 412
Depreciation	8 727 163	8 691 880
Appropriations charged against income :	6 192 321	4 712 537
Staff leave	1 084 485	1 976 994
Provisions and reserves	5 107 836	2 735 543
Capital charges :		
Interest paid :		
- on external funds	5 772 147	5 308 446
Investment income (operating account)	-481 204	-256 671
Non-operating income:		
Assets appreciated/other		-
Non-operating expenditure:		
Expenditure charged against Housing Operating Account	-1 069 321	-1 089 060
Expenditure charged against provision for leave	-1 471 030	-1 757 786
Expenditure charged against provision for doubtful debts	-	-16 631 619
Other non- operating expenditure	-1 254 695	-
	<b>-6 658 514</b>	<b>24 164 564</b>
<b>21. (INCREASE) / DECREASE IN WORKING CAPITAL</b>		
(Increase) / decrease in debtors	15 506 963	19 955 313
(Increase) / decrease in short term investments	1 382 099	-3 620 257
Increase / (decrease) in creditors	20 794 386	-17 728 841
Increase / (decrease) in deposits	498 320	133 801
Increase / (decrease) in unspent grants	-6 578 757	17 981 161
	<b>31 603 011</b>	<b>16 721 177</b>
	<b>24 944 497</b>	<b>40 885 741</b>
<b>22. INCREASE / (DECREASE) IN LONG TERM LOANS (EXTERNAL)</b>		
Loans raised	-	3 125 184
Loans (repaid)	-3 599 814	-3 975 663
	<b>-3 599 814</b>	<b>-850 479</b>
<b>23. (INCREASE) / DECREASE IN CASH ON HAND</b>		
Cash balance at the beginning of the year	-934 592	-4 888 910
LESS : Cash balance at the end of the year	-1 412 015	-934 592
	<b>477 423</b>	<b>-3 954 318</b>
<b>24. RETIREMENT BENEFITS</b>		
The Municipality's personnel are members of one of the three Natal Joint Municipal Pension Funds i.e. (Superannuation, Provident and Retirement). The valuator carries out a statutory valuation on a triennial basis and an interim valuation on an annual basis (the 2006 interim has been completed). uMngeni Municipality's liability in these funds could not be determined owing mainly to the assets not being allocated to each employer and one set of financials being compiled for each fund and not for each employer.		
<b>Superannuation</b>		
An interim actuarial valuation of the Fund was carried out for the period ending 31 March 2009. The actuarial value of total assets was more (less) than the actuarial value of liabilities for the service of members to that date and for pensioners by:		
made up as follows:	4 120 176	4 120 176
<b>For service to 31 March 2009</b>		
for pensioners - surplus funding level 123.3% (2006: surplus funding level 100.5%)	398 500 000	398 500 000
for members - surplus funding level 98.8% (2006 : deficit funding level 85.8%)	-29 900 000	-29 900 000
The fund did not hold an Investment Reserve at 31 March 2009	567 000 000	567 000 000
<b>For service after 31 March 2009</b>		
The total contribution rate payable (excluding the surcharge) did not exceed that required for future service by 0.96% (2005 :exceeded by 1.0% ) of pensionable emoluments, or per year		

uMNGENI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

**Conclusion**

The funding level of the fund decreased from 104.7% to 98.8%(increased from 955 to 104.7%) over the valuation period. The actuary is satisfied that the fund was fully funded and financially sound on the discounted cash flow method; and the required contribution rate for future service exceeded the contribution rate payable by 1.5% of pensionable salaries. This will be reviewed at the next interim actuarial valuation of the fund at 31 March 2010 when the outcome of a possible merger with the retirement fund will be known with more certainty.

**Provident Fund**

The salient features of the Statutory (Interim) Valuation Report on the fund as at 31 March 2009 were that the market value of the Fund's assets were not sufficient to fully cover the members' share account and to provide total reserves of

The liabilities of the fund exceeded the assets by a small deficit (or unallocated assets) of which represents 2.42% of assets, is feature of the smoothed bonus approach followed but the fund and will in future be met from investment earning.

2011

R

2010

R

587 882 000

13 930 000

587 882 000

13 930 000

**Conclusion**

The fund has recouped the deficit by declaring smaller bonuses after the valuation date. The actuary is satisfied that the asset composition of the fund is appropriate to the nature of the liabilities and the fund was in sound financial condition at 31 March 2008.

**Retirement Fund**

The salient features of the Statutory (Interim) valuation of the fund at 31 March 2009 are:

The actuarial value of total assets of the fund was less than the actuarial value of the liabilities for the service of members to that date and for pensioners by made up as follows:

**For service to 31 March 2009**

for pensioners - funding level 119.1% (2006 : funding level 116.2%) - surplus  
for members - funding level 79.5% (2006 : funding level 73.0%)-deficit

The fund was thus funded

The fund did not hold an Investment Reserve.

With effect 01 July 2000, Local Authorities commenced by paying a surcharge equal to 2% of pensionable salaries. It was subsequently increased each year and is currently and members pay

Based on the valuation assumption applied in 2000 the shortfall was expected to be fully funded by 2011.

During the previous interim valuation the actuary found that the mortality assumption for pensioners was not in line with the actual experience and so the assumption was changed. Accordingly, the current surcharge is required to continue for a further two years after 2010 to be fully funded.

-80 100 000

134 100 000

-214 200 000

79.50%

17.00%

1.65%

-80 100 000

134 100 000

-214 200 000

79.50%

17.00%

1.65%

**Conclusion**

The actuary is satisfied that the self-insurance arrangement is appropriate for the fund, the asset composition of the fund is appropriate to the nature of the liabilities, the contributions being paid to the fund, including the surcharges are sufficient to meet the shortfall by 30 June 2010 and based on the revised assumptions, which allow for the improving pensioner mortality, an extension of the surcharge for a further two years is necessary.

**Municipal Councillors Pensioners Fund**

The audited statements for the financial years ended 30 June 2009 and 2010 have not been distributed as yet, as these audits have not been completed. Accordingly reliable financial information is not available to be presented.

**25. GOVERNMENT GRANTS AND SUBSIDIES**

Equitable share	26 617 024	20 872 453
M S I G**	750 000	735 000
F M G**	1 200 000	750 000
M I G grants	7 052 164	8 400 000
D M E grants	2 702 507	4 511 483
Kanya Village Road Cedara	77 350	
Provincial health subsidies	1 666 082	2 501 067
Corridor Funding LED Strategy**	400 000	
Provincial - Museum	73 000	68 000
Cyber Cadet Library**	179 700	96 000
uMgungundlovu District Council Corridor Development - Mandela Capture Site	4 305 502	2 283 207
Cleanest Town**	265 000	
Neighbour Development	5 692 315	8 872 676
uMgungundlovu District Council - Shared Services model**	691 900	912 050
European Union Gijima	-	11 548
Total Government Grant and Subsidies	51 672 544	50 013 484

\*\* The amounts totalling R 3 486 600 is disclosed on page 34 under general expenses



uMNGENI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

**Equitable share**

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

2011

R

2010

R

26 617 024

20 872 453

**M S I G**

Current year receipts

750 000

735 000

Conditions met - transferred to revenue

-750 000

-735 000

-

-

**Finance Management Grant**

Financial management, capacity building and

Current year receipts

1 200 000

750 000

Conditions met - transferred to revenue

-1 200 000

-750 000

-

-

**M I G Grant**

Roads and stormwater infrastructure as part of the upgrade of the informal settlement

Current year receipts

7 052 164

8 400 000

Conditions met - transferred to revenue

-2 508 164

-8 400 000

No funds have been withheld

4 544 000

-

**D M E Grant**

Electrification and new connections

Current year receipts

2 702 507

4 511 483

Conditions met - transferred to revenue

-

-4 174 936

No funds have been withheld

2 702 507

336 547

**Neighborhood Development**

Mphomeni Gateway Project

Current year receipts

11 000 000

11 000 000

Conditions met - transferred to revenue

-7 745 995

-7 745 995

No funds have been withheld

3 254 005

3 254 005

**Provincial Housing**

Low Cost Housing

Current year receipts

5 518 726

7 663 702

Conditions met - transferred to revenue

-5 809 926

-5 563 780

No funds have been withheld

-291 200

2 099 922

**Corridor Development**

N3 Corridor Development

Current year receipts

5 500 000

7 000 000

Conditions met - transferred to revenue

-4 305 502

-790 342

No funds have been withheld

1 194 498

6 209 658

Current year receipts - included in public health vote

1 666 082

2 501 067

Conditions met - transferred to revenue

-1 666 082

-2 501 067

Conditions still to be met - transferred to liabilities

-

-

The Municipality renders health services on behalf of the Provincial Government and is refunded as follows:

Surgical sundries

100%

Stores

100%

Equipment

100%

Subsistence and travel, transport and traveling

100%

Miscellaneous

100%

Personnel

Based on sliding scale

The grant has been used exclusively to fund clinic services. The conditions of the grant have not been met. There are no delays or withholding of the subsidy.

**Provincial - Other**

Corridor Funding LED Strategy

Current year receipts

400 000

-

Conditions met - transferred to revenue

-400 000

-

No funds have been withheld

-

-

**Provincial - Museum**

Current year receipts

73 000

68 000

Conditions met - transferred to revenue

-73 000

-68 000

No funds have been withheld

-

-

**Provincial - Library extensions**

Current year receipts

179 700

96 000

Conditions met - transferred to revenue

-179 700

-96 000

No funds have been withheld

-

-

**Provincial - Cedara College / Inkanya Village Road**

Current year receipts

-

2 000 000

Conditions met - transferred to revenue

-

-

No funds have been withheld

-

2 000 000

**uMungundlovu District Council**

Current year receipts Corridor Development Mandela Capture Site

691 900

912 050

Conditions met - transferred to revenue

-691 900

-912 050

Current year receipts Winston/ Prospect Road Link

-

11 548

Conditions met - transferred to revenue

-

-11 548

No funds have been withheld

-

-

uMNGENI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

FOR THE YEAR ENDED 30 JUNE 2011								2011 R	2010 R		
<b>26. BULK PURCHASES</b>											
Electricity								38 382 635	29 225 162		
Bulk purchases are cost commodities not generated by the municipality, which the municipality distributes within its area of supply for re-sale to its consumers. Electricity is purchased from Eskom. No water is purchased.											
<b>27. CASH</b>											
Petty Cash								3 000	3 000		
Floats/cash on hand								1 760	1 760		
								4 760	4 760		
<b>28. CAPITAL COMMITMENTS</b>											
Commitments for capital expenditure											
Approved and contracted for								21 187 845	31 230 194		
Approved but not yet contracted for								18 506 000	26 837 000		
								39 693 845	58 067 194		
This expenditure will be financed from:											
Internal sources								6 416 805	4 972 410		
External sources									3 083 501		
National and Provincial government and District Municipality								33 277 040	49 409 219		
								39 693 845	57 465 130		
<b>29. EMPLOYEE RELATED COSTS</b>											
<b>Remuneration of the Municipal manager</b>											
Annual remuneration								-	1 038 243		
Performance bonus								-	-		
Leave payout								-	458 078		
								-	1 496 321		
<b>Remuneration of the Chief financial officer</b>											
Annual remuneration								869 828	835 016		
Performance bonus											
								869 828	835 016		
<b>Remuneration of the Executive Directors</b>											
	Internal audit	Operations	Economic development	Technical services	Corporate services	Community services	Planning & Development				
<b>2011</b>											
Annual remuneration	855 295	895 889	854 933	873 610	1 046 504	873 610	869 828				
Performance bonus											
	855 295	895 889	854 933	873 610	1 046 504	873 610	836 015				
<b>2010</b>											
Annual remuneration	817 685	787 616	817 336	840 351	967 941	840 351	808 559				
Performance bonus											
	817 685	787 616	817 336	840 351	967 941	840 351	808 559				
<b>EMPLOYEE RELATED COSTS</b>											
Salaries and allowances								50 066 593	47 289 173		
Contributions to UIF, pensions and medical aids								9 262 941	8 342 889		
Travel, motor car, accommodation, subsistence and other allowances								817 889	804 004		
Housing benefits and allowances								204 580	235 959		
MOH allowance									-		
Overtime payments								3 551 295	4 612 980		
Annual bonus								3 891 702	3 756 018		
Performance bonus									-		
Standby								75 842	49 789		
Cellular phone								58 750	18 500		
								67 929 592	65 109 312		

There were no advances to employees

uMNGENI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

30. FINANCIAL AND OPERATING LEASE PAYMENTS

Financial lease payments

Council has concluded financial lease agreements with its suppliers which are required to be paid in instalments as follows:

In the year ending 30 June 2012	666 584	1 170 544
In the years ending 30 June 2013	677 359	830 254
In the year ending 30 June 2014 and upwards	883 822	1 074 941

Interest is payable at rates varying between 12% and 10.5 %

**2 227 765** **3 075 739**

Operating lease payments

Council has concluded operating lease agreements with its suppliers which are required to be paid in instalments as follows:

In the year ending 30 June 2012	825 310	736 884
In the years ending 30 June 2013	907 841	810 573
In the year ending 30 June 2014 and upwards	998 624	891 629

**2 731 775** **2 439 086**

31. POST RETIREMENT MEDICAL BENEFITS

The Council operates a defined medical aid benefit scheme for the benefit of its permanent employees. Post-retirement medical aid benefits are offered to all employees by subsidising a portion of the medical aid contribution after retirement.

The most recent actuarial valuation was performed on 30 June 2011 by ARCH Actuarial Consulting using the Projected Unit Credit Method. The full liability has been recognised. The main assumptions used by the actuary are:

Discount rate per annum	8.52%	9.05%
Health care cost inflation rate	7.22%	7.08%
Net effective discount rate	1.22%	1.85%
Post-Retirement subsidy		
Retirement age		
Males	63	63
Females	63	63
Mortality during employment	SA 85-90 Ultimate Table adjusted for Female lives	
Mortality post retirement	PA90-1 Ultimate Table rated down one year.	
Number of eligible members	166	165
Number of pensioners	21	21

Accrued liability at 30 June 2011

15 503 994 11 519 971

Future - service cost	624 853	511 654
Interest cost	1 298 978	1 022 777
Expected benefits payments	-532 584	-454 764
Actuarial loss/(gain)	-	2 904 366

**1 391 247** **3 984 023**

Projected accrued liability at 30 June 2012

16 895 241 15 503 994

Accrued liability at 30 June 2011	15 503 994	11 519 971
Short term portion of accrued liability	-532 584	-454 764

**14 971 410** **11 065 207**

The effect on the liability of a 1% change in the assumed rate of medical inflation:

	Liability (R millions)	Liability (R millions)
Central assumptions	15.504	11.520
1% increase in assumed medical inflation	18.164	13.372
1% decrease in assumed medical inflation	13.362	10.013

Accrued liability at 30 June 2011	15 503 994
Less: Accrued liability at 30 June 2010	-11 519 971
Increase in provision for post retirement medical aid benefits 2010-2011	<b>3 984 023</b>

32. LONG SERVICE AWARDS AND RETIREMENT GIFTS

The Council offers employees leave awards that may be exchanged for cash on certain anniversaries of commencing service and a retirement gift determined by reference to length of service.

The most recent actuarial valuation was performed on 30 June 2011 by ARCH Actuarial Consulting using the Projected Unit Credit Method. The full liability has been recognised. The main assumptions used by the actuary are:

Discount rate per annum	7.66%	8.89%
General salary inflation rate (long term)	6.14%	6.20%
Net effective discount rate	1.43%	2.53%
Retirement age		
Males	63	63
Females	63	63
Mortality during employment	SA 85-90 Ultimate Table adjusted for Female lives	
Number of eligible employees	328	302

**uMNGENI MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011</b>	<b>2010</b>
	<b>R</b>	<b>R</b>
<b>Accrued liability at 30 June 2011</b>	<b>3 064 158</b>	<b>2 320 709</b>
Future - service cost	376 384	305 874
Interest cost	226 289	194 923
Expected benefits payments	-227 043	-259 791
Actuarial loss/(gain)	-	502 443
Total annual expense	<u>375 630</u>	<u>743 449</u>
<b>Projected accrued liability at 30 June 2012</b>	<b>3 439 788</b>	<b>3 064 158</b>
Accrued liability at 30 June 2011	3 064 158	2 320 709
Short term portion of accrued liability	-227 043	-259 791
Long term portion of accrued liability	<u>2 837 115</u>	<u>2 060 918</u>
The effect on the liability of a 1% change in the assumed rate of salary inflation:		
Central assumptions		
1% increase in assumed salary inflation	3.064	2.321
1% decrease in assumed salary inflation	2.873	2.183
Accrued liability at 30 June 2011	3 064 158	
Less: Accrued liability at 30 June 2010	<u>-2 320 709</u>	
Increase in provision for post retirement medical aid benefits 2010-2011	<u>743 449</u>	
Total increase in provision raised in Statement of Financial Performance:		
Post retirement medical benefits	3 984 023	
Long service awards and retirement gifts	<u>743 449</u>	
Charge to Statement of Financial Performance	<u>4 727 472</u>	

**33. REFUSE SITES REHABILITATION**

Rehabilitation costs of Landfill Site	7 267 176	6 550 160
	<u>7 267 176</u>	<u>6 550 160</u>
Provision has been made for the estimated costs of rehabilitating the council's refuse sites. The estimated costs have been determined by the Council's consulting engineers.		

**34 OWING BY COUNCILLORS**

	Current - 60 Days	Over 90 Days	Total outstanding
TS NDLOVU	1 082 64	1 134 70	2 217 34
	<u>1 082 64</u>	<u>1 134 70</u>	<u>2 217 34</u>

**35 IRREGULAR EXPENDITURE/FRUITLESS AND WASTEFUL EXPENDITURE/UNAUTHORISED EXPENDITURE**

- 35.1** The acquisition of new Mayoral vehicles during the course of the year under review is deemed as irregular and wasteful expenditure as no economic benefits were derived from the acquisition thereof. The Municipality made payment for the existing vehicle as well as the new vehicles, one of which was returned during the course of the 2009-2010 financial year. Investigations are under way to establish the full facts relating to this issue and to establish who is responsible for the authorization of irregular expenditure. Once all the facts are established Council will have to take measures to recover the amounts relating to this case from those responsible. A the compilation of the annual financial statements the estimated amount regarded as irregular and wasteful expenditure is R 266 826 related to the previous periods and an amount R 8866.16 Which relates to the period under review. The matter is presently before the Commission of Enquiry.
- 35.2** During the course of the financial year, there was non compliance with regulation 36 b(2) of the Supply Chain Management Policy , wherein deviations from, and ratification of minor breaches of, procurement processes were not complied with. The amount deemed to be irregular due to deviation is R 1 641 229 and has been reported to Council by the Chief Financial Officer.
- 35.3** An additional amount of R 15670 to Rosedale Precast and Harpal Investments was deemed to be irregular, due to the fact that the owners of these companies are employed by the state.
- 35.4** The budget for waste management was exceeded by R 2 345 380, this was due to the fact that no virements were done to correct this during the year. The overall budget is underspent resulting in savings.

**36 GOING CONCERN**

Unspent Conditional grants were not cash backed by an amount of R 18 541 982 as at 30 June 2011.

Whilst the current liabilities exceed the current assets at year end, the Municipality has continued to operate as a going concern. Management has taken the following measures to ensure a full recovery to and become financially viable again.

- Bi weekly meetings in the form of the Interim Finance Committee, to plan and approve only essential expenditure for the forthcoming weeks ahead and to ensure that the unspent conditional grants are moving to a position towards the position of being cash backed.
- Two other committees have also being formed after Provincial Treasury provided support to help the Municipality recover from the cash flow challenges it faces. The Credit control and Valuation sub-committees meet monthly to tackle revenue enhancement issues by addressing the issue of outstanding debtors and valuation queries respectively. These committees have already achieved success by requesting all stakeholders involved in revenue enhancement to account monthly and provide direction on how to maximise revenue and reduce the outstanding debtors.
- Council and the Interim Finance committee is committed to turning the situation around and has frozen all vacant posts in order to curb expenditure, except critical posts or those funded by conditional grants. There is also an action plan to further reduce expenditure and implement cost cutting measures to aid financial recovery. Council still has to adopt the plan.
- On the technical side, excess electricity losses have been identified and corrective action is being taken to remedy the situation by the Development of the Consumer loss Analysis programme(CLA). This programme was specifically written to identify the electricity losses due to technical issues, theft of electricity, illegal connections, metered installations and correct the electricity billing cycle.
- An audit of all electricity installations is also currently underway to detect the issues in the tab above. Corrective action is being taken immediately by sealing the meters, disconnecting offenders, replacing faulty meters and securing unsafe installations.
- Cogta has performed an analysis on the financial affairs of the municipality and has recommended that assistance be provided to the municipality to draw up a recovery plan and implement such plan to ensure that the municipality continues to operate as a going concern in the future.

**37 OTHER DISCLOSURES**

Midlands Development Agency  
The municipality is part of the Development agency established between uMngeni Municipality , Mpofana and uMtshezi Municipalities. For the period under review, the development agency was still in the process of appointing a Board to run the affairs of the Agency. The Agency is fund by the IDC and a bank account is held in the name of uMngeni Municipality, until the Board is appointed to take control of the affairs of the agency. The bank balance is R 759 911,36 as at 30 June 2011 held at ABSA Bank LTD.

**38 CONTINGENT LIABILITIES**

- 38.1** The municipality joined EtheKwini municipality in the case against Ingonyama Trust Board. The Ingonyama Trust Board contends that they should not be rated. The court ruled against Ingonyama Trust Board, but they have appealed the matter. The matter is still pending.
- 38.2** The case in the matter of JDJ Properties and Double Diamond cc/uMngeni Municipality and Triumph Brokers regarding ERF 898 Howick( Save Cash and Carry), was dismissed with costs to be collected from JDJ Properties in favour of the respondents. The matter has now being appealed by JDJ Properties
- 38.3** Lorraine Margaret Burns has is claiming an amount of R 873 144.53 from the municipality as a result of a road accident which she was involved in. She claims that the accident occurred due to a pothole which the municipality is responsible for.
- 38.4** The municipality is also involved in a dispute with FA Nzimande/ S Zondi which involves an eviction order ,were the respondent illegally took occupant of a low cost housing unit belonging to another applicant.
- 38.5** There is also a case against the municipality by Skhumbuzo Ngunane for double booking of the sport facilities in Howick. This resulted in a loss if income of R 61 070 to Mr Skhumbuzo Ngunane.
- 38.6** The municipality is also seeking a High Court order to compel Cow Catchers to cease with illegal operation of the animal pound with the municipal area.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

## PROPERTY, PLANT AND EQUIPMENT

	Properties	Heritage	Infrastructure other	Vehicles	Roads/ Stormwater	Electrical	Toolbox	Total
<b>Reconciliation of carrying value</b>								
<b>Carrying values at 01 July 2010</b>	43 269 923	2 854 129	25 804 694	3 647 082	94 594 031	39 760 548	2 161 552	212 091 959
<b>Cost restated</b>	45 842 250	2 942 038	30 192 781	9 588 744	109 684 007	46 673 098	9 240 325	254 163 243
Cost	45 842 250	2 942 038	30 192 781	9 588 744	109 684 007	46 673 098	9 240 325	254 163 243
Revaluation	-	-	-	-	-	-	-	-
Residual values	-	-	-	-	-	-	-	-
<b>Accumulated depreciation</b>	-2 572 327	-87 909	-4 388 087	-5 941 662	-15 089 976	-6 912 550	-7 078 773	-42 071 284
Cost	-2 572 327	-87 909	-4 388 087	-5 941 662	-15 089 976	-6 912 550	-7 078 773	-42 071 284
Revaluation	-	-	-	-	-	-	-	-
Adjustment to investment property	-	-	-	-	-	-	-	-
<b>Acquisitions</b>	1 084 082		3 890 890		5 758 167	2 623 247	342 070	13 698 456
Work in progress					7 587 523	243 736		7 831 259
Revaluation					102 789 823	40 345 394		143 135 217
Residual values				38			6 888	6 926
<b>Depreciation</b>	-467 771		-1 174 201	-1 009 593	-3 387 497	-1 408 662	-734 349	-8 182 073
Based on cost	-467 771		-1 174 201	-1 009 593	-3 387 497	-1 408 662	-734 349	-8 182 073
Based on revaluation	-		-	-	-	-	-	-
<b>Carrying value of disposals</b>	-		-	-215 337	-	-	-	-215 337
Cost	-		-	-388 741	-	-	-	-388 741
Revaluation	-		-	-	-	-	-	-
Accumulated depreciation	-		-	173 404	-	-	-	173 404
<b>Impairment losses</b>								
<b>Carrying values at 30 June 2011</b>	43 886 234	2 854 129	28 521 383	2 422 152	207 342 047	81 564 263	1 769 273	368 366 407
<b>Cost</b>	46 926 332	2 942 038	34 083 671	9 200 041	225 819 520	89 885 475	9 589 283	418 446 360
Cost	46 926 332	2 942 038	34 083 671	9 200 003	123 029 697	49 540 081	9 582 395	275 304 217
Revaluation	-	-	-	-	102 789 823	40 345 394	-	143 135 217
Residual values	-	-	-	38			6 888	6 926
<b>Accumulated depreciation</b>	-3 040 098	-172 678	-5 562 288	-6 777 851	-18 477 473	-8 321 212	-7 813 122	-50 079 953
Cost	-3 040 098	-172 678	-5 562 288	-6 777 851	-18 477 473	-8 321 212	-7 813 122	-50 079 953
Revaluation	-	-	-	-	-	-	-	-
<b>Carrying values at 30 June 2011</b>	43 886 234	2 769 360	28 521 383	2 422 190	207 342 047	81 564 263	1 776 161	368 366 407

As part of the exercise to comply with the provisions of Grap 17, items of property, plant and equipment were revalued by consultants , Electrical Power Systems( Electrical) and Sukuma Consulting Engineers( Roads and Stormwater). After the exercise of verification and listing of these items , a revaluation surplus resulted after taking into account the replacement values of such items. This surplus has been credited to the revaluation reserve and will be used to off set future depreciation on these items.

Council intends to have these items revalued at regular intervals in order to write these items of property, plant and equipment either up or down.

The category of assets recorded as -infrastructure other, comprises of assets such as sport infrastructure, taxi ranks, public toilets, change and rest rooms, swimming pool and community halls.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

## NOTE TO INVESTMENT PROPERTY

## Note 40

	Investment Property	Total
<b>Reconciliation of carrying value</b>		
<b>Carrying values at 01 July 2011</b>		1 550 695
<b>Cost restated</b>		1 750 000
Cost		1 550 695
Revaluation		-
<b>Accumulated depreciation</b>		-199 305
Cost		-199 305
Revaluation		-
Acquisitions		-
Work in progress		-
<b>Depreciation</b>		-540 695
Based on cost		-
Based on revaluation		-540 695
<b>Carrying value of disposals</b>		-
Cost		-
Revaluation		-
<b>Impairment losses</b>		-
<b>Carrying values at 30 June 2011</b>		1 010 000
<b>Cost</b>		1 750 000
Cost		1 750 000
Revaluation		-
<b>Accumulated depreciation</b>		-740 000
Cost		-199 305
Revaluation		-540 695
<b>Carrying values at 30 June 2011</b>		1 010 000

**Description of the investment property: 1 Mimosa Drive Hilton, Erf 1092 Hilton extension 10**

Details of property:

Purchase price: R 1 750 000

Date of purchase: 28 February 2007

Date of revaluation: 1 July 2010

Revalued amount of investment property: R 1 010 000

The valuation was performed by Councils valuers - Evaluations and is effective for a period of 4 years per the provisions of the MPRA

Expected rental income from investment property is estimated to be in the region of R 48000 - R 60000 per annum

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

## NOTE TO INTANGIBLES

	Intangibles/Computer Software
<b>Reconciliation of carrying value</b>	
Carrying values at 01 July 2011	-
Cost restated	-
Cost	-
Revaluation	-
Accumulated depreciation	-
Cost	-
Revaluation	-
Acquisitions	28 467
Work in progress	-
Depreciation	-4 396
Based on cost	-4 396
Based on revaluation	-
Carrying value of disposals	-
Cost	-
Revaluation	-
Impairment losses	-
<b>Carrying values at 30 June 2011</b>	<b>24 071</b>
<b>Cost</b>	<b>28 467</b>
Cost	28 467
Revaluation	-
<b>Accumulated depreciation</b>	<b>-4 396</b>
Cost	-4 396
Revaluation	-
<b>Carrying values at 30 June 2011</b>	<b>24 071</b>

Intangible assets comprise of only computer software

APPENDIX A

uMNGENI MUNICIPALITY

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2011

EXTERNAL LOANS	Loan Number	Interest rate	Redeemable	Balance at 2010/06/30	Received during the Period	Redeemed written off during the period	Ajustments to balances from prior year	Balance 2011/06/30	Carrying Value of Property Plant & Equipment	Other Costs in Accordance with the MFMA
<b>Annuity Loans</b>										
Development Bank of SA Ltd	KN13855	12.620%	31/03/2024	9 085 577		-261 002		8 824 575		
Development Bank of SA Ltd	102419	10.095%	31/03/2027	15 837 528		-379 459	6 984	15 465 053		
Development Bank of SA Ltd	102466	5.00%	31/03/2022	3 135 220		-196 354		2 938 866		
ABSA Bank Ltd	3022002978	9.20%	30/06/2022	16 006 984		-1 333 333	-6 984	14 666 667		
				-				-		
<b>Total Annuity Loans</b>				<b>44 065 310</b>	<b>-</b>	<b>-2 170 148</b>	<b>-</b>	<b>41 895 162</b>		
<b>Finance Management Agreements</b>										
ABSA Bank Ltd				3 030 971		-1 429 665		1 601 306		
				-				-		
<b>Total</b>				<b>3 030 971</b>	<b>-</b>	<b>-1 429 665</b>		<b>1 601 306</b>		
<b>TOTAL EXTERNAL LOANS</b>				<b>47 096 282</b>	<b>-</b>	<b>-3 599 813</b>		<b>43 496 469</b>		



**APPENDIX B**  
**uMNGENI MUNICIPALITY**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2011**

	Cost / Revaluation					Accumulated Depreciation					Carrying Value 2011/06/30	Revaluations Residual 2011/06/30	Final Carrying Value 2011/06/30	Carrying Value 2010/06/30
	Balance 2010/06/30	Restated 2010/06/30	Additions	Work in progress	Disposals	Closing Balance	Balance 2010/06/30	Restated 2010/06/30	Additions	Disposals	Closing Balance			
Properties	47 592 250	47 592 250	1 084 082			48 676 332	2 771 631	2 771 631	1 008 464		3 780 095		44 896 237	44 820 619
Infrastructure	30 192 781	30 192 781	3 890 890			34 083 671	4 388 087	4 388 087	1 146 150		5 534 237		28 549 434	25 804 694
Vehicles	9 588 743	9 588 743	-		-388 742	9 200 001	5 941 664	5 941 664	1 009 593	-173 404	6 777 853	38	2 422 186	3 647 079
Roads/stormwater	109 684 008	109 684 008	5 758 167	7 587 523		123 029 698	15 089 976	15 089 976	3 387 497		18 477 473	102 789 823	207 342 048	94 594 032
Electrical	46 673 099	46 673 099	2 623 247	243 736		49 540 082	6 912 550	6 912 550	1 408 662		8 321 212	40 345 394	81 564 264	39 760 549
Intangibles	-	-	28 467			28 467	-	-	4 396		4 396		24 071	-
Toolbox	9 240 325	9 240 325	342 071			9 582 396	7 078 773	7 078 773	674 491		7 753 264	6 888	1 836 020	2 161 551
Heritage	2 942 038	2 942 038				2 942 038	87 909	87 909	87 909		175 818		2 766 220	2 854 130
	255 913 244	255 913 244	13 726 924	7 831 259	-388 742	277 082 685	42 270 590	42 270 590	8 727 162	-173 404	50 824 348	143 142 143	369 400 480	213 642 654

APPENDIX C

uMNGENI MUNICIPALITY

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

THE YEAR ENDED 30 JUNE 2011

Cost / Revaluation	Accumulated Depreciation											
	Balance 2010/06/30	Additions	Work in progress	Disposals	Balance 2011/06/30	Balance 2010/06/30	Additions	Disposals	Balance 2011/06/30	Revaluations Residual 2011/06/30	Carrying Value 30/06/2011	Carrying Value 30/06/2010
Council General	24 139 910	3 781 125		-388 742	27 532 293	2 387 194	675 322	-173 404	2 889 112	279	24 643 460	21 752 716
Municipal Manager	9 094 836	29 152			9 123 988	1 413 497	67 239		1 480 736	91	7 643 343	7 681 339
Town Planning	563 091	49 985			613 076	418 783	73 416		492 199	162	121 039	144 308
Housing Administration	451 062				451 062	62 532	136 702		199 234	44	251 872	388 530
Museum	559 095				559 095	57 514	5 415		62 929	106	496 272	501 581
Libraries	4 819 337				4 819 337	1 143 385	105 728		1 249 113	1 181	3 571 405	3 675 952
Town Hall	5 153 470	12 246			5 165 716	395 528	74 641		470 169	1 567	4 697 114	4 757 942
Man Serv & Training	532 256	4 092			536 348	71 863	7 651		79 514	88	456 922	460 393
Refuse Removal / Health	8 064 887	1 084 082			9 148 969	2 523 160	337 152		2 860 312	18	6 288 675	5 541 727
Swimming Pool	585 677				585 677	78 026	13 332		91 358	464	494 783	507 651
Clinic	971 742	9 293			981 035	228 298	22 388		250 686	168	730 517	743 444
Parks & Gardens	17 537 943	27 338			17 565 281	3 706 342	878 160		4 584 502	484	12 981 264	13 831 602
Protection Services/Fire	3 142 527	92 000			3 234 527	1 827 799	282 435		2 110 234	99	1 124 392	1 314 728
Cemeteries	435 057				435 057	34 059	3 784		37 843	1 033	398 247	400 998
Public Works	115 296 666	5 758 167	7 587 523		128 642 356	17 462 383	3 546 622		21 009 005	102 789 823	210 423 174	97 834 283
Town Treasurer	2 051 225	109 514			2 160 739	1 797 933	110 338		1 908 271	147	252 615	253 292
Stores	194 330				194 330	134 624	8 558		143 182	268	51 416	59 706
Electricity	46 864 254	2 623 247	243 736		49 731 237	7 076 101	1 423 685		8 499 786	40 345 394	81 576 845	39 788 153
Corporate Services	12 470 361	141 600			12 611 961	905 313	718 549		1 623 862	78	10 988 177	11 565 048
Technical Services	681 023	5 082			686 105	-734 938	95 519		-639 419		1 325 524	1 415 961
Community Services	168 538				168 538	100 609	15 472		116 081		52 457	67 929
Workshops	2 135 956				2 135 956	1 180 584	125 055		1 305 639	195	830 512	955 372
	255 913 242	13 726 923	7 831 259	-388 742	277 082 682	42 270 588	8 727 163	-173 404	50 824 347	143 141 689	369 400 024	213 642 654

**APPENDIX D**

**uMNGENI MUNICIPALITY**

**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE**

**FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011</b>	<b>2011</b>	<b>2011</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>
	<b>Income</b>	<b>Actual</b>	<b>Surplus/</b>	<b>Actual</b>	<b>Actual</b>	<b>Surplus/</b>
	<b>R</b>	<b>Expenditure</b>	<b>(Deficit)</b>	<b>Income</b>	<b>Expenditure</b>	<b>(Deficit)</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Executive and Council	-89 269 727	20 746 363	68 523 364	-84 941 324	27 159 498	57 781 826
Finance and Administration	-23 914 720	21 984 781	1 929 939	-29 129 490	18 822 172	10 307 318
Planning and Development	-806 966	5 310 485	-4 503 519	-916 541	5 207 875	-4 291 334
Health	-1 666 083	3 056 822	-1 390 739	-2 523 824	2 726 001	-202 177
Community and Social Services	-343 556	5 976 381	-5 632 825	-257 940	5 556 075	-5 298 135
Housing	-1 069 321	1 069 321	-	-1 054 271	1 054 271	-
Public Safety	-3 153 396	6 980 652	-3 827 256	-2 999 594	6 378 390	-3 378 796
Sports and Recreation	-267 806	9 273 827	-9 006 021	-2 623	9 268 528	-9 265 905
Waste Management	-17 636 548	14 756 164	2 880 384	-13 286 899	13 529 055	-242 156
Road Transport	-	-	-	-	-	-
Electricity	-60 071 811	60 071 811	-	-40 890 741	40 890 741	-
Other	-3 855 673	36 689 638	-32 833 965	-3 196 409	35 619 130	-32 422 721
<b>Sub Total</b>	<b>-202 055 607</b>	<b>185 916 245</b>	<b>16 139 362</b>	<b>-179 199 656</b>	<b>166 211 736</b>	<b>12 987 920</b>
<b>Less: Inter-Departmental Charges</b>	<b>-13 867 962</b>	<b>13 867 962</b>	<b>-</b>	<b>-13 145 748</b>	<b>13 145 748</b>	<b>-</b>
<b>Total</b>	<b>-215 923 569</b>	<b>199 784 207</b>	<b>16 139 362</b>	<b>-192 345 404</b>	<b>179 357 484</b>	<b>12 987 920</b>

APPENDIX E (1)

uMNGENI MUNICIPALITY

ACTUAL COMPARED WITH BUDGETED REVENUE AND EXPENDITURE

FOR THE YEAR ENDED 30 JUNE 2011

	Actual 2011	Budget 2011	Variance 2011	Variance 2011	Explanation of significant Variance greater than 10% versus Budget
	R	R	R	%	
<b>REVENUE</b>					
Property rates	-76 747 668	-93 190 766	16 443 098	-17.64%	This is the effect of the implementation of the various supplement rolls
Property rates- penalties imposed and collection charges	-3 380 393	-520 000	-2 860 393	550.08%	More debtors attracted collection charges and penalties
Service charges	-46 015 209	-52 561 670	6 546 461	-12.45%	Electricity losses need to be investigated, the process is underway
Rental of facilities and equipment	-789 231	-528 643	-260 588	49.29%	Increase in Hall bookings
Interest earned- external investments	-481 204	-255 113	-226 091	88.62%	Investments made exceed expectations due to debt collection
Interest earned- outstanding debtors	-1 155 131	-500 000	-655 131	131.03%	More debtors fell into arrears during the year
Fines	-163 380	-260 022	96 642	-37.17%	The delay in processing summons at courts has resulted in lower income
Licences and permits	-2 940 141	-3 263 907	323 766	-9.92%	
Government grants and subsidies	-51 672 544	-63 211 110	11 538 566	-18.25%	Not all grants gazetted were received during the year
Other income	-18 710 706	-5 480 023	-13 230 683	241.43%	Increase in other income streams and clearing of other functions
Inter- departmental charges	-13 867 962	-13 867 962	-	0.00%	
Public contributions, donated/contributed PPE	-	-	-		
Gains on disposal of property, plant and equipment	-	-	-		
<b>Total Revenue</b>	<b>-215 923 569</b>	<b>-233 639 216</b>	<b>17 715 647</b>	<b>-7.58%</b>	
<b>EXPENDITURE</b>					
Executive & Council	20 746 363	35 927 541	-15 181 178	-42.25%	Actual is below budget due to cost cutting measures
Finance & Admin	21 984 781	23 110 744	-1 125 963	-4.87%	
Planning & Development	5 310 485	5 549 162	-238 677	-4.30%	
Health	3 056 822	3 056 238	584	0.02%	
Community & Social Services	5 976 381	6 621 574	-645 193	-9.74%	
Housing	1 069 321	1 216 414	-147 093	-12.09%	
Public Safety	6 980 652	7 338 811	-358 159	-4.88%	
Sport & Recreation	9 273 827	10 308 854	-1 035 027	-10.04%	
Waste Management	14 756 164	11 462 978	3 293 186	28.73%	Additional expenditure of landfill and refuse collection
Electricity	60 071 811	67 309 603	-7 237 792	-10.75%	Actual is below budget due to cost cutting measures
Other	36 689 638	38 953 715	-2 264 077	-5.81%	
Inter- departmental charges	13 867 962	13 867 962	-	0.00%	
<b>Total Expenditure</b>	<b>199 784 207</b>	<b>224 723 596</b>	<b>-24 939 389</b>	<b>-11.10%</b>	
<b>NET (SURPLUS)/ DEFICIT FOR THE YEAR</b>	<b>-16 139 362</b>	<b>-8 915 620</b>	<b>-7 223 742</b>	<b>81.02%</b>	

APPENDIX E (2)

uMNGENI MUNICIPALITY

T - ACQUISITION OF PROPERTY PLANT AND EQUIPMENT

R THE YEAR ENDED 30 JUNE 2011

	2011 Actual	2011 Under Construction	2011 Total Additions	2011 Budget	2011 Variance	2011 Variance %	Explanation of Significant Variances Greater than 5% versus Budget
Executive and Council	29 937		29 937	20 000	-9 937	-49.69%	Additional computer equipment acquired due to failure
Planning and Development	49 985		49 985	20 000	-29 985	-149.93%	Additional computer equipment acquired due to shared services
Community Halls	12 246		12 246	14 000	1 754	12.53%	Tables acquired for community halls
Property Services	145 692		145 692	120 550	-25 142	-20.86%	Taxi rank expenditure wooden cabin
Refuse Removal and Landfill	1 084 082		1 084 082	-	-	0.00%	Carry over from previous year
Clinic	9 293		9 293	10 000	707	7.07%	
Sport and Recreation	27 338		27 338	10 000	-17 338	-173.38%	Acquisition of brush cutters due to insurance claim
Protection Services	92 000		92 000		-92 000	#DIV/0!	Purchase of speed timing equipment for enforcement
Roads and Stormwater	5 758 167	7 587 523	13 345 690	23 726 450	10 380 760	43.75%	Work still in progress at year end
Finance	109 514		109 514	10 000	-99 514	-995.14%	New hardware acquired for prepaid and insurance purchases
Electricity	2 623 247	243 736	2 866 983	3 000 000	133 017	4.43%	
Technical Services	5 082		5 082	6 000	918	15.30%	Equipment for new office
Economic Development	3 780 340		3 780 340	5 500 000	1 719 660	31.27%	Work still in progress at year end
	13 726 923	7 831 259	21 558 182	32 437 000	11 962 900	36.88%	

**APPENDIX E (3)**

**uMNGENI MUNICIPALITY**

**STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION**

**FOR THE YEAR ENDED 30 JUNE 2011**

	Current Year 2010-2011								
R thousands	Original Budget	Budget Adjustments	Virement	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of final Budget	Actual outcome as % of final budget
<b>Financial Performance</b>									
Property rates	93 691	93 711	-	93 711	80 128	-	(13 583)	85.51	85.52
Service charges	52 562	52 562	-	52 562	46 015	-	(6 546)	87.55	87.54
Investment revenue	252	255	-	255	481	-	226	188.62	190.95
Transfers recognised - operational	56 256	38 504	-	38 504	31 843	-	(6 661)	82.70	56.60
Other own revenue	23 556	23 901	-	23 901	23 759	-	(142)	99.41	100.86
	226 317	208 932	-	208 932	182 226	-	(26 706)		
<b>Total Revenue (excluding capital transfers and contributions)</b>								87.22	80.52
Employee costs	69 710	69 280	-	69 280	67 930	-	(1 351)	98.05	97.45
Remuneration of councillors	4 881	4 881	-	4 881	4 198	-	(683)	86.00	86.00
Depreciation & asset impairment	6 242	6 529	-	6 529	8 727	-	2 198	133.67	139.81
Finance charges	4 564	4 623	-	4 623	5 772	-	1 149	124.85	126.47
Materials and bulk purchases	46 861	46 861	-	46 861	38 383	-	(8 478)	81.91	81.91
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	93 495	92 549	-	92 549	60 907	-	(31 642)	65.81	65.14
<b>Total Expenditure</b>	225 753	224 723	-	224 723	185 916	-	(38 807)	82.73	82.35
<b>Surplus/(Deficit)</b>	564	(15 791)	-	(15 791)	(3 690)	-	12 100	23.37	-654.34
Transfers recognised - capital	-	(24 707)	-	(24 707)	(19 830)	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	564	8 916	-	8 916	16 139	-	12 100	181.01	2861.59
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	564	8 916	-	8 916	16 139	-	12 100	181.01	2861.59
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>									
Transfers recognised - capital	24 707	30 207	-	30 207	20 200	-	(10 007)	66.87	81.76
Public contributions & donations	-	-	-	-	-	-	-	0.00	-
Borrowing	-	-	-	-	-	-	-	0.00	-
Internally generated funds	2 130	2 130	-	2 130	1 358	-	(772)	63.75	63.75
<b>Total sources of capital funds</b>	27	32	-	32	22	-	(11)	66.67	80.33
<b>Cash flows</b>									
Net cash from (used) operating	(2 863)	2 637	-	2 637	19 202	-	16 565	728.16	-670.68
Net cash from (used) investing	(2 897)	(8 397)	-	(8 397)	(2 357)	-	6 040	28.06	81.35
Net cash from (used) financing	(882)	(882)	-	(882)	1 879	-	2 761	-213.06	-213.06
<b>Cash/cash equivalents at the year end</b>	(1 642)	1 642	-	1 642	477	-	(1 165)	29.08	-29.08

**APPENDIX E (4)**

**uMNGENI MUNICIPALITY**

**FOR THE YEAR ENDED 30 JUNE 2011**

**MAJOR ITEMS INCLUDED IN OTHER INCOME IN STATEMENT OF FINANCIAL PERFORMANCE**

Shared Service Model	276 662
Compound rental	260 731
Allocation of year end deficit electricity service to accumulated surplus	8 172 354
Connection Income	1 350 008
Parking reserve fund received	190 000
Building plan fees and drainage fees	1 230 972
Reconnection Fee	405 897
Allocation of year end deficit of housing fund to accumulated surplus	1 069 321
Contribution from accumulated surplus to fund assets -MIG counter funding	1 357 805
Sponsorship received	1 100 000
LGSETA receipts	216 057
Income from Milkwood Estates	184 211
Income from advertising	106 559
Hall hire	158 319
Burial fees	68 090
Insurance claims received	92 989
Income from rendering environmental health services	1 552 222
Other income	918 509
<b>TOTAL</b>	<b>18 710 706</b>

**MAJOR ITEMS INCLUDED IN GENERAL EXPENSES IN STATEMENT OF FINANCIAL PERFORMANCE**

Advertising	410 215
Electricity connections	3 620 980
SPCA expenses	520 261
SALGBC subscriptions	359 850
Tracker subscriptions	215 855
Workman's compensation	411 314
Valuation expenses	2 083 603
Uniforms	602 000
Telecommunications	1 122 404
Skills development levy	592 896
Subsistence and travelling	288 801
Refuse bags	237 348
Rental leased properties	161 053
Hire of plant and equipment	381 127
Printing and stationery	284 972
Postages	893 924
Patrol & security	3 892 362
Medical aid retired staff	446 817
Audit fees	968 509
Sponsorship paid Jazz Festival -Funds received from District Municipality	1 070 000
Legal fees	795 900
Free basic services	9 355 257
Electricity	2 823 183
Debt collection fee	2 000 816
Consultant fees	1 127 804
Computer support and maintenance	664 764
Insurance	714 542
Bank charges	629 080
Grant expenditure - Finance management grant**	1 200 000
Grant expenditure - Municipal systems improvement grant**	750 000
Grant expenditure - Library computer assistant Mpophomeni**	100 800
Grant expenditure - Cleanest town award**	265 000
Grant expenditure - Library computer assistant Howick West**	78 900
Grant expenditure- LED strategy Corridor development - Shared services planning and development**	400 000
Grant expenditure- Shared services planning and development**	691 900
Materials and small tools	208 139
Hygiene services	160 308
Contribution to fire fighting services	200 793
Water and refuse removal costs	244 588
IDP expenditure	124 211
Other expenses	209 966
<b>TOTAL</b>	<b>41 310 242</b>

UMNGENI MUNICIPALITY

APPENDIX F

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003  
FOR THE YEAR ENDED 30 JUNE 2011

Grants and Subsidies Received

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts							Quarterly Expenditure				Grants and Subsidies delayed/ withheld	Reason for delay withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework Revenue Act	Reason for non-compliance
		April to June 2010 1	July to Sept 2010 1	Oct to Dec 2010 2	Jan to Mar 2011 3	April to June 2011 4	July to June 2011 TOTAL RECEIPTS		April to June 2010 1	July to Sept 2010 1	Oct to Dec 2010 2	April to June 2011 4				
<b>TWO VOTES</b>																
<b>CAPITAL</b>																
MIG	Cooperative Governance & Traditional Affairs	4 544 000	730 000	2 450 000	3 373 000	-	6 553 000		538 063	869 449	177 507	4 930 820	NO	N/A	YES	N/A
DME	Department of Minerals & Energy	-	-	-	-	-	-		380 487	147 639	1 697 695	411 738	NO	N/A	YES	N/A
Mpophomeni Nodal Development	Cooperative Governance & Traditional Affairs	-	-	-	3 000 000	-	3 000 000		4 185 157	1 298 423	2 091 550	1 637 501	NO	N/A	YES	N/A
<b>OPERATING - STATE</b>																
Finance Management Grant	National Treasury	-	1 200 000	-	-	-	1 200 000		25000	25 000	120 416	199 045	NO	N/A	YES	N/A
Municipal Systems Improvement	National Treasury	-	750 000	-	-	-	750 000		417 562	1 925	31 807	695 839	NO	N/A	YES	N/A
Equitable Share State	Co-operative Governance & Traditional Affairs	-	10 604 146	6 483 316	6 362 488	-	25 449 950		-	-	-	-	NO	N/A	YES	N/A
Councillors Allowances	Co-operative Governance & Traditional Affairs	-	486 281	389 025	291 769	-	1 167 074		-	-	-	-	NO	N/A	YES	N/A
<b>CAPITAL PROVINCE</b>																
Library Hilton Extensions	Department Education & Culture	-	-	-	-	-	-		-	-	-	-	NO	N/A	YES	N/A
Library Mpophomeni- Head count System	Department Education & Culture	-	-	-	-	-	-		-	-	-	-	NO	N/A	YES	N/A
Corridor Development	Co-operative Governance & Traditional Affairs	-	5 500 000	-	-	-	5 500 000		468 675	1 045 520	399 515	2 067 507	NO	N/A	YES	N/A
Cedara College /Inkanya Village road	Department of Agriculture	-	-	-	-	-	-		-	-	77 350	-	NO	N/A	YES	N/A
<b>OPERATING - PROVINCE</b>																
MAP Spatial Develop Framework	Co-operative Governance & Traditional Affairs	-	-	-	-	-	-		-	-	32 551	-	NO	N/A	YES	N/A
MAP Byelaws	Co-operative Governance & Traditional Affairs	-	-	-	-	-	-		36 000	-	-	-	NO	N/A	YES	N/A
E & C - Performance Manage System	Co-operative Governance & Traditional Affairs	-	-	-	-	-	-		17 328	-	-	-	NO	N/A	YES	N/A
Ex & Council - Inter Depart Monitoring	Co-operative Governance & Traditional Affairs	-	-	-	-	-	-		30 599	-	-	-	NO	N/A	YES	N/A
mmelMunicipal Assistance Programme	Co-operative Governance & Traditional Affairs	-	-	-	-	-	-		100 000	210 361	90 011	-	NO	N/A	YES	N/A
Youth Advisory Centre ( Umsobomvu)	Co-operative Governance & Traditional Affairs	-	-	-	-	-	-		27 198	-	-	-	NO	N/A	YES	N/A
Capacity Development	Co-operative Governance & Traditional Affairs	-	-	-	-	-	-		192 717	6 203	1 080	-	NO	N/A	YES	N/A
Technical Services GIS Capacity Building	Co-operative Governance & Traditional Affairs	-	-	-	-	-	-		17 180	-	4 642	-	NO	N/A	YES	N/A
Flanders Grant	Flanders (Department of Housing)	-	-	-	-	-	-		-	-	281	-	NO	N/A	YES	N/A
Municipal Information Systems Support	Co-operative Governance & Traditional Affairs	-	-	-	-	-	-		-	-	-	-	NO	N/A	YES	N/A
Municipal Infrastructure Invest Prog	Co-operative Governance & Traditional Affairs	-	-	-	-	-	-		7	200 000	-	-	NO	N/A	YES	N/A
Integration with REDS	Co-operative Governance & Traditional Affairs	-	-	-	-	-	-		-	29 250	12 544	-	NO	N/A	YES	N/A
N3 Corridor Management Plan	Co-operative Governance & Traditional Affairs	-	-	-	-	-	-		85 450	-	107 640	-	NO	N/A	YES	N/A
Library Mpophomeni Cybercadet	Department Education & Culture	-	-	-	100 800	-	100 800		23 500	24 000	24 000	24 800	NO	N/A	YES	N/A
Library Howick West Cybercadet	Department Education & Culture	-	-	78 900	-	-	78 900		-	-	-	19 725	NO	N/A	YES	N/A
MAP Synergistic Partnership	Co-operative Governance & Traditional Affairs	-	-	-	-	-	-		6 804	-	-	3 735	NO	N/A	YES	N/A
LUMS Spatial Planning	Co-operative Governance & Traditional Affairs	-	-	-	-	-	-		-	-	37 820	-	NO	N/A	YES	N/A
Cleanest Town Award	Agriculture & Environmental Affairs	-	-	-	265 000	-	265 000		95 700	-	-	-	NO	N/A	YES	N/A
LED Strategy Corridor Funding	Co-operative Governance & Traditional Affairs	-	-	400 000	-	-	400 000		-	-	-	361 080	NO	N/A	YES	N/A
Clinic Subsidy Prov	Department of Health	1 765 304	-	390 768	440 144	835 170	1 666 082		-	-	-	-	NO	N/A	YES	N/A
Museums Subsidy	Department Arts & Culture	-	-	73 000	-	-	73 000		-	-	-	-	NO	N/A	YES	N/A
<b>HOUSING PROVINCE</b>																
Mpophomeni 1	Department of Housing	-	-	-	-	-	-		-	-	-	-	NO	N/A	YES	N/A
Mpophomeni 2	Department of Housing	-	-	-	-	-	-		-	-	-	-	NO	N/A	YES	N/A
Mpophomeni 3	Department of Housing	-	-	-	-	-	-		-	-	-	57 200	NO	N/A	YES	N/A
Extension 33 & 34	Department of Housing	-	-	-	-	-	-		-	-	-	176 800	NO	N/A	YES	N/A
Lidgettton West	Department of Housing	-	-	-	-	-	-		-	-	-	(234000)	NO	N/A	YES	N/A
Zenzani	Department of Housing	-	213 909	-	-	-	213 909		659 552	213 909	-	-	NO	N/A	YES	N/A
Emandleni	Department of Housing	-	-	-	-	-	-		-	-	-	-	NO	N/A	YES	N/A
Khayelisha	Department of Housing	-	-	-	830 798	3 630 730	4 461 528		-	-	-	3 630 730	NO	N/A	YES	N/A
Hilton Society Development No 1	Department of Housing	-	-	23 321	-	-	23 321		123 726	-	23 321	-	NO	N/A	YES	N/A
Nxamalala Inadi Rural	Department of Housing	-	511 493	189 041	119 434	1	819 969		597 232	511 493	189 041	1	NO	N/A	YES	N/A
<b>OPERATING - OTHER</b>																
Assets Grant	Development Bank of South Africa	-	-	-	-	-	-		30 354	42 985	-	-	NO	N/A	YES	N/A
Shared Services Development Planning	Umgungundlovu District Council	-	-	691 900	-	-	691 900		121 750	161 093	219 129	517 599	NO	N/A	YES	N/A
		6 309 304	19 995 828	13 169 271	14 783 432	4 465 901	52 414 433		8 180 139	4 787 251	5 337 901	14 500 119	-			

For the Year Ended 31 March 2011

54 257 836

18 305 290

For the Year Ended 30 June 2011

52 414 433

29 523 680